

Application No. 10/036,009  
Amendment dated  
Reply to Office Action of May 2, 2006

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Docket No.: 65316-0008

NOV 02 2006

**REMARKS**

The present amendment is intended to be fully responsive to the Office Action having a mailing date of May 2, 2006, wherein claims 1-16 and 18-21 have been rejected. None of the claims have been cancelled. Claims 1 and 18-21 have been amended. Applicant submits that no new matter has been added by this amendment and that support for the claims may be found throughout the specification and drawings.

Applicants respectfully request reconsideration of the presently pending claims in light of the above amendments and the following remarks. Further, Applicants believe that there are also reasons other than those set forth below why the pending claims are patentable, and reserve the right to set forth those reasons, and to argue for the patentability of claims not explicitly addressed herein, in future papers.

**35 U.S.C. § 112**

Claims 1 and 18-21 are rejected under 35 U.S.C § 112. It is respectfully submitted that the amendments to the claims addresses the rejection.

**35 U.S.C. § 102**

Claims 1-16 and 18-21 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent Application No. 2004/0210449 issued to Breck et al ("Breck").

Breck discloses a system for facilitating a transaction wherein the system generates a secondary transaction number that is issued to a cardholder. The cardholder presents the secondary transaction number to a merchant to complete a sales transaction. The merchant processes the secondary transaction number wherein the number is typically presented to the credit card provider

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for authorization. Throughout the process, the cardholder's primary charge card number is never passed to the merchant or any third party.

Breck also discloses an operation of the Secondary Transaction Number (STN) system to pass a credit request to reduce available Membership Rewards (MR) points or to create a credit against the billing transaction that will offset the charge transaction according to the transaction record (See paragraphs 103 and 107). This suggests that each change in the cardholder's balance takes place as a permanent result of a set of transactions and any correction in the balance that could be required afterward will be made by means of creating another credit to offset the error to be corrected.

Further, Breck discloses the operation of checking again an already checked MR account balance at the moment an STN system identifies the associated actual account number for the STN and recognizes the account as the MR account (See paragraph 106).

The Examiner argues that paragraphs 106 and 107 of Breck teaches a "temporary balance data" through its disclosure of a user's MR account balance, which is updated every time said user made a purchase. The Examiner also argues that Breck suggests in paragraph 95 that the points were not updated until the indicated conditions were met or after completion of the transaction.

Applicant does not agree with the Examiner's view of Breck. Nevertheless, the claims have been amended to more clearly articulate that the temporary balance is temporarily stored in the memory before the settlement data is supplied in the manner recited in the various independent claims. Thus, the temporary balance is kept separately from data representing the current discount point and reflecting the value of the temporary balance data into the current discount point in response to the completion of a transaction. As a result, the electronic settlement apparatus according to the claims handles discount points as a case in which settlement is completed in a scene where the balance of points is specified even if there is a transaction whose settlement is not completed yet. This prevents an illegal transaction that exceeds the balance of points from being conducted.

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In contrast, the MR system of the system according to Breck establishes an MR-STN profile at (paragraph 102), compares MR points with purchase amount and records the purchase in the MR-STN profile so that the MR-STN has little if any value after completion of a transaction concerning the purchase (paragraph 95), if it is determined that the MK point exceeds the purchase amount (paragraph 106). The prior art system of Breck does not prevent an illegal transaction that exceeds the balance of MR points from being conducted, because it does not create or retain any data representing MR points as a case in which settlement is completed until the settlement is actually completed. Thus, Breck does not teach the claimed invention, or even suggest its advantages.

Applicant submits that notwithstanding the foregoing reasons for patentability with respect to the independent claims, the dependent claims are independently patentable. For example, claim 7 recites the electronic settlement apparatus of claim 1 wherein the processor determined whether or not the settlement data is supplied to the processor until a predetermined time has elapsed after obtaining goods data, and when the processor determines that no settlement data is supplied thereto, the processor abandons the obtained corresponding goods data. In contrast to the suggestion made by the Examiner, these recitations are not disclosed in paragraph 105 of Breck as asserted on page 6 of the Office Action. Paragraph 105 discloses a membership rewards embodiment of the system wherein the cardholder is able to choose to use the membership reward points when shopping at a merchant site that supports the membership rewards as a payment option. There is nothing in paragraph 105 that describes an electronic settlement apparatus wherein a processor determines whether or not settlement data is supplied to the processor until a predetermined time has elapsed after obtaining goods data, and when the processor determines that no settlement data is supplied thereto, the processor abandons the obtained corresponding goods data. Accordingly, claim 7 embodies patentable subject matter.

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35 U.S.C. § 103

The Examiner rejected claim 10 under 35 U.S.C. § 103 as being unpatentable over Beck in view of Official Notice.

Obviousness cannot be established by combining prior art to produce the claimed invention absent some teaching or suggestion supporting the combination. The mere fact that the prior art may be modified in the manner suggested by the Examiner does not make the modification obvious unless the prior art suggested the desirability of the modification.

MPEP Section 2143 sets forth the basic requirements for the Patent and Trademark Office to establish *prima facie* obviousness as follows: "To establish a *prima facie* case of obviousness, three criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations."

"To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art." *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). M.P.E.P. § 2143.03. Accord. M.P.E.P. § 706.02(j).

A patent claim is obvious, and thus invalid, when the differences between the claimed invention and the prior art "are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art." 35 U.S.C. § 103; *see also Graham v. John Deere Co.*, 383 U.S. 1, 14, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966); *In re Dembiczak*, 175 F.3d 994, 998 (Fed. Cir. 1999). While obviousness is ultimately a legal determination, it is based on several underlying issues of fact, namely: (1) the scope and content of the prior art; (2) the level of skill of a person of ordinary skill in the art; (3) the differences between the claimed invention and the teachings of the prior art; and (4) the extent of any objective indicia of non-obviousness. *See Graham*, 383 U.S. at 17-18. When obviousness is based on the teachings of

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multiple prior art references, the Examiner must also establish some "suggestion, teaching, or motivation" that would have lead a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed. *See Tec Air, Inc. v. Denso Mfg. Mich. Inc.*, 192 F.3d 1353, 1359-60 (Fed. Cir. 1999); *Pro-Mold & Tool Co. v. Great Lakes Plastics, Inc.*, 75 F.3d 1568, 1572 (Fed. Cir. 1996). The Applicant(s) may rebut a *prima facie* showing of obviousness with evidence refuting the Examiner's case or with other objective evidence of nonobviousness. *See WMS Gaming, Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1359 (Fed. Cir. 1999).

In this case, the Examiner has not explained why a person of ordinary skill in the art would have found it obvious to combine the alleged teachings in the manner proposed by the Examiner. Therefore, the Examiner has failed to overcome the first element of providing a *prima facie* showing of obviousness as stated above.

Again, *In re Oetiker* provides that "[t]here must be some reason, suggestion, or motivation found in the prior art whereby a person of ordinary skill in the field of the invention would make the combination." "The examiner must show reasons that the skilled artisan, confronted with the same problem as the inventor and with no knowledge of the claimed invention, would select the elements from the cited prior art references for combination in the manner claimed. *In re Oetiker* 47 USPQ2d 1453, at 1458 (Fed. Cir. 1998).

Further, the Examiner has not even provided a reference that allegedly teaches the elements acknowledged as missing from Breck. Thus, Applicants seasonably request that the Examiner provide documentary evidence to support the taking of Official Notice as is required by 37 CFR § 1.104(d)(2) and MPEP § 2144.03.

When a rejection is based on facts within the personal knowledge of the Examiner, the data should be stated as specifically as possible, and the facts must be supported, when called for by the Applicants, by an affidavit from the examiner. Such an affidavit is subject to contradiction or explanation by the affidavits of the Applicants and other persons. See 37 CFR 1.104(d)(2).

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**CONCLUSION**

For at least these reasons, this application is now in condition for allowance. It is believed that any additional fees due with respect to this paper have already been identified in any transmittal accompanying this paper.

However, if any additional fees are required in connection with the filing of this paper that are not identified in any accompanying transmittal, permission is given to charge Deposit Account Number 18-0013 in the name of Rader, Fishman and Grauer PLLC, under Order No. 66414-002. If the Examiner has any questions or comments, he/she is kindly urged to call the undersigned to facilitate prosecution.

Dated: November 2, 2006

Respectfully submitted,

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